

Message Text

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17

ACTION AF-18

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-02 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 AGR-20 DRC-01 /155 W
----- 013045

R 170515Z JUL 74

FM AMEMBASSY PORT LOUIS

TO SECSTATE WASHDC 4673

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E. O. 11652: N/A

TAGS: ECON, PINS, MP

SUBJECT: BUSINESSMEN STRIKE AGAINST NEW INCOME TAX

1. MANY BUSINESS ESTABLISHMENTS THROUGHOUT NATION INCLUDING RETAIL STORES, RESTAURANTS, AND FACTORIES CLOSED IN "STRIKE ACTION" JULY 16 BY EMPLOYERS IN PROTEST OVER NEW INCOME TAX BILL BEING DEBATED THIS WEEK IN LEGISLATIVE ASSEMBLY.

2. BILL IS APPARENTLY INTENDED TO CONSOLIDATE TAX REGULATIONS, INCREASE REVENUES, AND CONTROL TAX EVASION. TAX PAYERS OBJECT TO SEVERAL IMPLICATIONS, MAINLY:

1) SURCHARGE 10PCT ORIGINALLY DECLARED TEMPORARY BY GOM, NOW APPARENTLY PERMANENT.

2) FRINGE BENEFITS-HOUSING, CARS, CLOTHING--FULLY TAXABLE.

3) DEDUCTIBLE INCOME NOT INCREASED PROPORTIONATELY WITH COST OF LIVING.

4) HEAVY TAXES ON PROFITS, DIVIDENDS, INVESTMENTS.

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5) ONLY ESTIMATED 4PCT OF WORKING POPULATION PAYS TAX AMID SIGNS

OF WEALTH EVIDENT IN LARGER PROPORTION.
CONSEQUENTLY MAURITIUS TAX PAYERS ASSOCIATION ACTIVELY LOBBYING
AGAINST BILL AND ASKING THAT VOTING BE DELAYED. MOTION TO POST-
PONE DEBATES SO FAR REJECTED.

3. COMMENTS: BUSINESS LOCKOUT UNLIKELY TO LAST MORE THAN A DAY
OR TWO. HOWEVER, EVEN BRIEF STAND DOWN OF SUGAR INDUSTRY AND
OTHER EXPORT ORIENTED ENTERPRISES WILL SERVE TO UNDERLINE RESENT-
MENT OF TAX PAYERS WITH TANGIBLE ASSETS THAT BEAR FULL LOAD OF
TAXES. LACK OF GOM ABILITY OR WILL TO ENFORCE EVEN EXISTING
INCOME TAX COLLECTION EQUITABLY WILL CONTINUE TO BE SERIOUS
PROBLEM.
MANHARD

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